

Director's Report
Adaptive Reuse of Existing Buildings in Industrial Lands
December 23, 2009

Proposal

The Department of Planning and Development (DPD) proposes to allow a special exception to the size-of-use limits in Section 23.50.027 of the Land Use Code to allow limited adaptive reuse of existing buildings on industrially zoned land. The proposed special exception would apply to a portion of the Duwamish Manufacturing/Industrial Center.

Background

The City of Seattle has made a strong policy commitment to maintaining industrially zoned land for industrial activities, both in the Comprehensive Plan and through development standards in the Land Use Code. In Resolution 31026, DPD was directed to:

... examine whether regulatory or other incentives could be implemented to encourage adaptive reuse of obsolete industrial buildings for non-industrial businesses. Potential incentives should not conflict with the viability of adjacent industrially zoned sites for continued industrial use or industrial redevelopment.

Competition by non-industrial uses for industrial land in Seattle is a potential cause of industrial displacement that could compromise the city's industrial sector. In general, non-industrial uses can pay higher rent than industrial uses, and allowing nonindustrial uses in industrial zones places pressure on the price of industrial land. The low vacancy rate for industrial properties in Seattle is indicative of the general health of the industrial sector in the city.

However, during its outreach process, DPD learned that certain existing structures in the industrial zones do not readily lend themselves to productive industrial uses. Further exploring that type of structure helped define an approach to adaptive reuse.

Allowing limited adaptive reuse of buildings for non-industrial uses on industrially zoned lands would permit existing buildings that are less suitable for industrial uses to contribute to the city's economic vitality, and could be permitted to an extent that does not undermine the City's policy of preserving industrial land for industrial uses. Currently, Seattle's industrial zones limit the size of several commercial uses on property in industrial zones. In order to permit reuse of buildings and their sites that are more suited for non-industrial uses, those limits would need to be relaxed.

Adaptive Reuse

Adaptive reuse is the process of using an existing building for a purpose different from the one for which it was originally built. The term is often associated with urban renewal or revitalization, because reusing vacant properties can be an important part of the infill development process. Adaptive reuse can also be used as a preservation strategy to maintain existing structures that would otherwise be demolished and replaced, or as a tool for preserving local character, revitalizing neighborhoods, and reducing sprawl through infill projects. The preserved buildings might not necessarily be designated as landmarks or given other historic status, but they could be structures that have become less useful for industrial purposes and that could be easily converted to other uses.

Another reason to consider adaptive reuse is to contribute to sustainability objectives. By preserving and re-using existing buildings and any related buildings that also occupy the same sites, cities can reduce the amount of demolition waste going to landfills and cut the greenhouse gas emissions caused by both demolition activities and transporting of building materials.

Some potential downsides of adaptive reuse for property owners are that it can be expensive and time-consuming. Older structures can also pose a high risk of exposure to hazardous materials used in older construction and be difficult to bring into conformance with modern codes.

Currently, the City limits the maximum size of several commercial uses in industrial zones, as depicted on Table A in Section 23.50.027 of the Land Use Code. For industrial structures that have become obsolete for industrial activities, commercial uses are likely new occupants, and therefore allowing adaptive re-use implies making an adjustment to the current size limits.

Comprehensive Plan Goals and Policies

The Comprehensive Plan provides the following guidance about the use of industrial land, as well as about waste reduction:

Land Use Element

LU141 Consider manufacturing uses, advanced technology industries and a wide range of industrial-related commercial functions, such as warehouse and distribution activities, appropriate for industrial areas.

LU143 Permit commercial uses in industrial areas to the extent that they reinforce the industrial character, and limit specified non-industrial uses, including office and retail development in order to preserve these areas for industrial development.

LU160 Prohibit certain uses to preserve land for industrial activity or to minimize conflicts that may occur between the use and industrial activity because the use attracts large

numbers of people to the area of nonindustrial purposes, or because the use would be incompatible with typical industrial area impacts (noise, truck movements, etc.)

LUG24 Preserve Industrial land for industrial uses and protect viable marine and rail-related industries from competing with non-industrial uses for scarce industrial land. Give special attention to preserving industrial land adjacent to rail or water-dependent transportation facilities.

LUG25 Promote high-value-added economic development by supporting growth in the Industrial and manufacturing employment base.

LUG29 Accommodate a mix of diverse, yet compatible, employment activities in Seattle's Industrial areas.

EG11 Make waste reduction, pollution prevention and recycling integral parts of how City government and others in the city conduct their daily business.

E19 Reduce consumption of resources and promote conservation of energy, water and material resources among all sectors of the community, including City government.

Policy Analysis

The City's Comprehensive Plan encourages the expansion of employment opportunities within Seattle, including job growth in the city's industrial areas. The Plan promotes opportunities for new businesses that are supportive of the goal to preserve industrial land for industrial uses, while restricting uses that may conflict with the character and function of industrial areas. Therefore, any proposal to allow non-industrial use of industrial zoned land should include provisions that limit the amount of non-industrial use that could occur.

Industrial zones occupy about 12% or just over 5,000 acres, of the city's land area, more than any other zone category other than single-family. About 78% of the industrial land is in industrial uses, with approximately 37% used for transportation-related uses, 19% for manufacturing and 16% for warehousing. Ten percent of industrially zoned land is used for commercial purposes. As of October 2009, the vacancy rate for structures in industrial areas was under 4.5%.

During DPD's outreach to industrial property owners, we heard that tall buildings pose particular problems for converting to new industrial uses. This is because industrial activities, such as manufacturing and warehousing, depend on the efficient movement of materials, and multistory buildings with relatively small floor plates add time and complexity to those activities with the need to transport materials through elevators from floor to floor.

In reviewing the possibility of allowing adaptive re-use in industrial zones, DPD sought a balance between allowing more flexibility in terms of use to encourage re-use of existing buildings on the one hand, while managing the potential impacts to industrial activity on the other. To

accommodate adaptive re-use, DPD formulated a recommendation that would allow certain projects to exceed the current size of use limits. To emphasize the policy of industrial preservation, DPD is recommending that the special exception apply only to:

- A limited geographic area in the northern portion of the Duwamish Manufacturing/Industrial Center bounded by S. Spokane St., Royal Brougham Way, Interstate-5 and State Route 99.
- Existing structures that are a minimum of five stories in height and associated structures on the same site.
- Uses and sites that will limit impacts to the nearby industrial activity.

One way to limit the impacts of adaptive reuse is to limit the geographic area to which it applies. DPD is recommending that the proposal be limited to the northern portion of the Duwamish M/I Center because that area is large enough to allow adaptively reused buildings to be dispersed from one another and not concentrate potential impacts, but it also contains several buildings that could take advantage of the exception contained in this proposal, allowing the City the opportunity to observe the effects of a reused industrial building.

There are three industrial classifications within the proposed adaptive reuse boundaries. The area is comprised mostly of IG1 zoning, but also includes IG2 and IC zoning. The Code limits the maximum size of certain commercial uses, with the most restrictive limits applying to the IG1 zone, and the least restrictive to the IC zone. Generally, the types of uses that exist in the recommended area are warehouse, small manufacturing and transportation facilities.

A threshold of five stories for the adaptive reuse was selected because multi-story buildings are generally less conducive to key aspects of industrial activities such as material handling. This threshold also helps limit the number of structures and associated sites that could potentially participate in the exception. Citywide, there are 29 buildings in industrial zones over five stories, 77 buildings over four stories and 175 buildings over three stories. Having a limited number of structures eligible for the special exception also helps to control the impacts that allowing more commercial uses could otherwise have on vehicle traffic and the price of real estate in the industrial area, and therefore on the long-term viability of the city's industrial sector. Between the boundaries of Royal Brougham Way, Spokane St., I-5 and State Route 99, there are currently ten buildings that have at least five stories. The existing five-story buildings within the proposed area are Tully's headquarters building, which includes offices, retail and artist studio dwellings; four parking garages; Starbucks headquarters; and four buildings that contain industrial uses, including warehouse and light manufacturing.



Commercial uses can negatively affect industrial activities by increasing the traffic on roads in industrial areas, thus interfering with freight movement. Commercial uses also increase the assessed value of industrial property when they locate in those areas, because commercial uses are typically able to afford higher rents than industrial businesses. Higher assessed values can result in higher rents for industrial businesses that do not own their own property and to higher expected prices for property when it sells and ultimately to displacement of industrial uses.

Due to the limited number of buildings and associated sites that will be eligible under the proposed adaptive reuse provision and the criteria for Director's approval, DPD believes that conflicts with the industrial function of the area can be avoided. The most likely impact is from possible increased vehicle traffic that could occur if an existing structure were developed for office or retail uses, since these uses tend to produce more vehicle trips than comparably sized industrial uses. However, as the map shows, the locations that could potentially take advantage of the proposed provision are dispersed across the area and are not likely to result in a concentration of increased traffic. Any proposal for a special exception would require environmental review to identify possible impacts and methods for reducing those impacts. However, allowing adaptive reuse for non-industrial purposes may remove that property from industrial use for the long-term, and thus be a reduction in the total amount of industrial land in the city.

Recommendation

To allow for limited adaptive reuse in industrial zones, DPD recommends amending Section 23.50.027 of the Land Use Code to allow a special exception for certain structures and associated sites in the northern portion of the Duwamish M/IC to exceed the size of use limits as a way to encourage adaptive reuse.